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 Joseph D. Nohavicka
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Proposed Counsel to the Debtor and
Debtor in Possession

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In re	:	Sub-Chapter V Chapter 11
	:	
ZHANG MEDICAL P.C. d/b/a	:	
	:	Case No. 23-10678
NEW HOPE FERTILITY CLINIC	:	
	:	
Debtor.	:	
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DECLARATION PURSUANT TO LOCAL RULE 1007-2

Dr. John Zhang, sole shareholder of Zhang Medical P.C., doing business as New Hope Fertility Clinic (“Debtor”), the above-captioned debtor and debtor in possession, hereby swears as follows:

A. History of the Debtor’s Business

1. I am a medical doctor with a specialty in reproductive medicine. I received my medical degree from Zhejiang University School of Medicine in China and completed my residency in Obstetrics and Gynecology at the New York Hospital-Cornell Medical Center. I hold a PhD in Molecular Biology from the University of Cambridge in the United Kingdom and completed a fellowship in Reproductive Endocrinology and Infertility at the Center for Reproductive Medicine and Infertility at the New York Hospital-Cornell Medical Center. I also completed advanced training in Assisted Reproductive Technologies (ART) at the Jones Institute

for Reproductive Medicine at Eastern Virginia Medical School.

2. I have dedicated my life to assisting families facing infertility. I hold several patents related to fertility treatment and technology, including patents for methods of performing in vitro fertilization (“IVF”), systems for culturing embryos, and devices for retrieving oocytes (eggs) from the ovaries. One of the techniques I pioneered is known as Mini-IVF or Minimal Stimulation IVF. This method of IVF uses fewer drugs and is less invasive than traditional IVF. Mini-IVF involves using low doses of fertility drugs to stimulate the ovaries and retrieve a small number of high-quality eggs. Because Mini-IVF is streamlined, the cost for treatment is significantly less than the cost for traditional IVF. The process is also less physically taxing on our patients.

3. I formed the Debtor, a New York Sub-Chapter S in 2001. The Debtor leased two floors of Four Columbus Circle in Manhattan and commenced operating a full-service fertility clinic. The clinic maintains a team of highly trained specialists and offers a comprehensive range of fertility services, including egg freezing, preimplantation genetic testing, and fertility preservation for cancer patients. It also provides treatment for complex cases of infertility, such as recurrent pregnancy loss, male factor infertility, and diminished ovarian reserves.

B. The Debtor’s Lease

4. The Debtor entered into a lease with GLL BVK Columbus Circle LLS (the “Landlord”) that has subsequently been amended and modified (the “Lease”). The Debtor’s prior lease originally provided that that the Debtor would occupy the third and fourth floors of Four Columbus Circle. In 2018, the Landlord approached the Debtor and stated that unless the Debtor leased the second and fifth floors, the Landlord would be forced to lease the entire building to another entity. During negotiations, it was contemplated that the Debtor would sub-

lease the two additional floors: the Debtor did not require this additional space. Under the Lease, the Debtor's approximate monthly fixed rent obligation to the Landlord is One Hundred Thousand Dollars (\$100,000.00) per floor. The Debtor agreed to the Landlord's request and entered into the Lease. The Lease expires in 2035.

5. The cessation of business that resulted from COVID significantly affected the Debtor's business and revenue during that time and its ability to meet its obligations under the Lease. Moreover, with the glut in commercial space in Manhattan and the reduction in market rates for commercial space, the Debtor has been unable to sublet the two empty floors. One of the floors was a former showroom, with little to no enclosed office space, and it can not be rented without a complete build-out. The Lease requires the Debtor to pay for the build-out of this floor, and subsequently seek reimbursement from the Landlord for the cost. The Debtor commenced the build-out but did not have the revenue to complete the project. The contractor that commenced the build-out for this work, Skyland Development Corp., ceased rendering services to the Debtor and filed a mechanic's lien against the building.

6. The Debtor made numerous attempts to surrender the empty floors and negotiate a resolution with the Landlord but was unable to do so. The Debtor was forced to stop meeting its rental obligations to the Landlord last year. The Landlord filed a Summons and Complaint against the Debtor on April 18, 2023, in the New York Supreme Court, New York County, that includes claims for breach of contract and specific performance. The complaint seeks a judgment for \$3,046,893.04, with interest, for breach of the Lease, an award of unspecified attorney's fees and disbursements, and requests that the Debtor replenish its security deposit.

C. The Debtor's Current Operations

7. The Debtor is fully operational and hopes to expand its business once it can

resolve the Landlord's claim and the claims of other creditors. One of the benefits of the business cessation that occurred during COVID was my discovery that the Debtor could render Mini-IVF services virtually and complete the process with one office visit. As a result, the Debtor began to attract patients from other states. I estimate that thirty percent of the Debtor's revenue is presently generated from services rendered virtually and I expect this number to increase. Once the Debtor's business is stabilized, the Debtor intends to market to patients nationally.

8. The Debtor has approximately 88 employees that include doctors, nurse practitioners, lab technicians, other medical personnel, and administrative and support staff. In addition to myself, the Debtor's senior management team consists of a Chief Executive Officer and a Chief Financial Officer. The Debtor has an array of medical and laboratory equipment and stores over forty-thousand embryos in its clinic. The Debtor has no lien or restriction on its use of cash and no secured debt. It has an unpaid tax obligation to the City of New York that has not been assessed and the amount due is unknown. I do not believe it has any other unpaid priority or tax debt and I believe all of the other claims asserted against it consist of unsecured debt. Simply stated, the Debtor has a robust practice that has changed the lives of many families but it can not sustain its business with the economic drain caused by its obligations under the Lease. If the Debtor is unable to rid itself of the unused floors, it will be forced to reject the Lease and relocate to a more affordable space.

D. Local Rule 1007-2 Information Request

9. The Debtor has never filed a bankruptcy case and there has not been a trustee appointed previously in any case.

10. No committee of creditors was appointed prior to the bankruptcy filing so there

are no committee members or professionals previously appointed for the Debtor.

11. To the extent I have this information available at this time, I have set forth in Exhibit A the list of the names, addresses, telephone numbers, person(s) familiar with the Debtor's account, amount of the claim, and whether the claim is contingent, unliquidated, disputed, or partially secured of the Debtor's 20 largest non-insider unsecured creditors.

12. To the extent I have this information available at this time, I have set forth in Exhibit A the list of the names, addresses, telephone numbers, person(s) familiar with the Debtor's account, amount of the claim, and whether the claim is contingent, unliquidated, disputed, or partially secured of the debtor's five largest secured creditors.

13. To the best of my ability, I have set forth a summary of my estimate of the Debtor's assets and liabilities in Exhibit A. I have not obtained an independent valuation of the Debtor's assets and the amounts listed may be subject to amendment.

14. The Debtor does not have any stock that is publicly held or traded.

15. As set forth above, the Debtor operates from 4 Columbus Circle in Manhattan. Its assets, books and records are located in this location. The Debtor does not own any assets located outside of the United States.

16. The lawsuits pending against the Debtor are set forth in Exhibit A.

17. In addition to myself, the Debtor's management team consists of its Chief Financial Officer, Adnan Tahirovic and Chief Executive Officer Chloe Cai. Mr. Tahirovic has been employed by the Debtor for approximately one year. He is a healthcare executive with 16 years of healthcare experience in the areas of Senior Living, Memory Care, Skilled Nursing and Fertility services. He holds a Bachelors Degree and a M.B.A. from the University of Connecticut. Ms. Cai is a Fertility industry veteran and entrepreneur with over 10 years of senior

level management experience. She oversees finances, operations and marketing at New Hope Fertility Center and has been with the Debtor for close to nine years.

18. The Debtor does not have any property in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents or secured creditor, or agent for any such entity.

19. The Debtor intends to continue to operate its business. The estimated amount to be paid for weekly to employees, excluding officers, directors, stockholders, and partners, for the 30 day period following the filing of the bankruptcy petition is set forth in Exhibit A. The amount to be paid to officers, directors, and shareholders for the same period is also set forth in Exhibit A. Finally, Exhibit A contains an estimate of cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain unpaid for the next 30 days is also set forth in Exhibit A.

I declare under the penalty of perjury that the foregoing is accurate and true to the best of my knowledge.

Dated: April 28, 2023
New York, New York

s/John Zhang
Dr. John Zhang

LIST OF 20 LARGEST UNSECURED CREDITORS

Fill in this information to identify the case:Debtor name Zhang Medical P.C. d/b/a New Hope Fertility ClinicUnited States Bankruptcy Court for the: Southern District of New YorkCase number (if known): 23-10678☐ Check if this is an amended filing**Official Form 204****Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders****12/15**

A list of creditors holding the 20 largest unsecured claims must be filed in a Chapter 11 or Chapter 9 case. Include claims which the debtor disputes. Do not include claims by any person or entity who is an *insider*, as defined in 11 U.S.C. § 101(31). Also, do not include claims by secured creditors, unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 20 largest unsecured claims.

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
1	GLL BVK Columbus Circle LLC 125 West 55th Street New York, NY, 10019		Commercial Lease Obligations	Disputed			3,222,290.66
2	Skyland Construction 39 West 32nd St. Ste. 900 New York, NY, 10001		Services	Disputed			1,030,824.97
3	CooperGenomics Inc PO Box 714643 Cincinnati, OH, 45271-4363	877-282-3112 info@coopergenomics.com	Suppliers or Vendors				922,042.00
4	Henry Schein 135 Duryea Road Melville, NY, 11747	631 843 5500	Suppliers or Vendors				54,918.43
5	Cognizant 300 Frank W Burr Blvd Suite 36 Teaneck, NJ, 07666	214 459 6900	Suppliers or Vendors				51,489.19
6	Roche Diagnostics 9115 Hague Road PO Box 50457 Indianapolis, IN, 46250-0457		Suppliers or Vendors				49,870.29
7	Origio, Inc. 95 Corporate Drive Trumbull, CT, 06611		Suppliers or Vendors				43,217.00
8	Soyo Wellness Inc 4 Columbus Cir 5th Floor New York, NY, 10019	(607) 600-7696	Suppliers or Vendors				40,000.00

Name

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
9	EBM IT Solutions Provider 35 Nutmeg Dr. Trumbull, CT, 06611	203-254-8500 info@ebmusa.com	Services				31,690.25
10	CLC 100 West 93rd Street 6C New York, NY, 10025		Suppliers or Vendors				30,000.00
11	Tosoh Bioscience Inc PO Box 712415 Cincinnati, OH, 45271	(800) 248-6764 info.diag.am@tosoh.com	Suppliers or Vendors				27,702.00
12	Vitrolife Inc 3601 S Inca St Englewood, CO, 80110-3430	+1 303 762 1933	Suppliers or Vendors				26,289.06
13	Slomin's - Alarm 125 Lauman Lane Hicksville, NY, 11801	(516) 932-7000	Suppliers or Vendors				23,294.00
14	SEO Brand 150 E Palmetto Park Rd Suite 800 Boca Raton, FL, 33432		Services				19,375.00
15	Life Technologies Corporation 5781 Van Allen Way Carlsbad, CA, 92008		Suppliers or Vendors				18,056.99
16	IPFS PO Box 32144 New York, NY, 10087-2144		Suppliers or Vendors				17,120.97
17	LeadSquared Inc. 510 Thornall St #210 Edison, NJ, 08837	(732) 385-3546	Services				15,750.00
18	AAA All Voice and Data Inc - 5th Floor 5 Heron Drive Marlboro, NJ, 07746		Suppliers or Vendors				13,440.00
19	Illumina, Inc. 12864 Collection Center Dr. Chicago, IL, 60693-0128		Suppliers or Vendors				12,055.41
20	Epstein Becker & Green, P.C. 875 3rd Ave New York, NY, 10022	(212) 351-4500	Services				11,378.21

ESTIMATED BUDGET FOR MAY 2023

Zhang Medical P.C. & Columbus Circle Combined

Monthly Budget

2023

	Total
Income	2,198,605.03
Cost of Providing Services	
Lab And Supplies	252,710.43
Billing Expense	91,155.00
Doctors	39,615.00
Donor Cost	6,232.30
Home IVF Expense	1,362.88
Temporary Staffing	4,000.00
Total Cost of Providing Services	\$ 395,075.61
Gross Profit	\$ 1,803,529.42
Expenses	
Bank Fee & CC Processing	43,577.63
401k ER Match	12,777.91
Advertising	86,001.58
Auto Lease	2,167.00
Business Development	1,825.20
Computers and Tech	23,666.16
Consulting	10,000.00
Copiers	5,682.92
Dues and Subscriptions	35,443.69
Employee Health Insurance	71,721.37
Gas and Electric	3,888.39
Hotel	915.34
Insurance	17,318.59
Interest Expense	6,743.66
Internet	2,029.07
Job Posting	1,599.38
Legal Fees	8,545.63
Management	53,619.04
Employee Commissary & Uber	36,101.80
Office Expense Other	15,286.20
Office Supplies	566.99
Onsite Meal	3,743.33
Parking	2,372.80
Professional ER Organization Ex	944,191.84
Professional Fees - Other	3,716.40
Public Relations	21,457.99
Rent & Occupancy	148,405.84
Repairs & Main Equip & Other	8,329.09
Research	2,945.00
Sales Tax	1,451.94

Service	1,110.44
Storage	2,611.00
Telephone	63,391.79
Translation	5,979.41
Transportation	824.36
Uniforms & Laundry	2,209.36
Total Expenses	\$ 1,652,218.14
Net Operating Income(Loss) Before Depreciation	\$ 151,311.28

ACTIONS PENDING AGAINST THE DEBTOR

Actions Pending Against/By the Debtor

<u>Action</u>	<u>Index No.</u>	<u>Court</u>	<u>Nature of Action</u>	<u>Status</u>
GLL BVK Columbus Circle LLC v. Zhang Medical, P.C. d/b/a New Hope Fertility Center	651900/2023	N.Y.S. Supreme Court, N.Y. County	Breach of Contract for Rent Non-Payment	Action recently commenced against the Debtor; no answer filed
Zhang Medical v. Legacy IVF LLC	652195/2019	N.Y.S. Supreme Court, N.Y. County	Tortious Interference and other claims	Trial Not Scheduled
Georgette Fleischer v. Zhang Medical et al	Waiting for Index No.	N.Y.S. Supreme Court, N.Y. County	Alleged Medical Malpractice	
Additional suits, if any, to be provided				